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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

AT&T Communications  
Tariff FCC Nos. 9 and 11

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CC Docket No. 94-120  
Transmittal No. 6788

COMMENTS ON DIRECT CASE

U S WEST Communications, Inc. ("U S WEST"), through counsel and pursuant to the Federal Communications Commission's ("Commission") Order Designating Issues for Investigation in the above-captioned proceeding,<sup>1</sup> hereby files its comments on AT&T's Direct Case.

I. INTRODUCTION

In Transmittal No. 6788, AT&T proposes to resell flat-rated local transport (i.e., switched transport) rate elements -- the entrance facility and direct trunked transport -- to certain Feature Group A ("FGA") and Feature Group B ("FGB") customers. These facilities link AT&T's Point of Presence ("POP") to the local exchange carrier ("LEC") switch at which a FGA or FGB customer's private line

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<sup>1</sup>In the Matter of AT&T Communications Tariff FCC Nos. 9 and 11, CC Docket No. 94-120, Transmittal No. 6788, Order Designating Issues for Investigation, rel. Oct. 7, 1994.

terminates in conjunction with the interexchange private line portion of AT&T's FGA and FGB access service.<sup>2</sup> As a LEC providing local transport, U S WEST has a direct interest in the outcome of this tariff proceeding.

## II. DISCUSSION

As a whole, U S WEST believes that Transmittal No. 6788 offers small FGA users an opportunity to connect to AT&T's POP at high interface levels without purchasing high capacity facilities (i.e., DS1 or DS3). AT&T is able to do this by reselling portions of the LEC-provided entrance facility and direct trunked transport. U S WEST's local transport tariffs contain no restrictions on the resale or shared use of these facilities, nor is U S WEST aware of any legal impediment to reselling these facilities on a bundled basis.<sup>3</sup> As such, Transmittal No. 6788 is a reasonable means of allowing small FGA customers to interconnect with AT&T's network without purchasing high capacity facilities.

Having said all of the above -- what is the problem? The problem -- at least in the eyes of the Commission -- appears to be that small FGA users are unable to directly purchase unbundled entrance facilities and direct trunked transport from a

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<sup>2</sup>Hereinafter, the term FGA is used to refer to both FGA and FGB. AT&T's tariff is targeted to small users, and the issues surrounding this tariff are the same for both small FGA and FGB customers. It should be noted that virtually all of U S WEST's FGB customers are large users employing services with a capacity of DS1 or greater.

<sup>3</sup>The fact that a reseller may offer a "bundled" product which represents a slight variation of unbundled LEC services does not lead to the conclusion that the reseller is engaged in unlawful bundling.

LEC and deliver their traffic to AT&T. This is because AT&T has specified that it will accept traffic only at an interface level of 6 or 9 (i.e., DS1 or DS3 level). The issue is not whether FGA service is available from LECs, such as U S WEST, at a Voice Grade ("VG") level -- it is. The issue is whether a customer can interconnect with AT&T at this level once it has purchased VG service from a LEC -- it cannot. To use an old adage, "you can't get there from here." If a FGA customer wants to interconnect with AT&T, the customer must either purchase higher capacity facilities from a LEC or purchase resold VG service which has been derived from a higher capacity facility by AT&T. In the first instance, the customer incurs significantly higher cost. In the second case, the customer does not incur much additional expense but can no longer purchase flat-rated local transport facilities directly from the LEC.<sup>4</sup>

Thus, while it may not be unreasonable for AT&T to engineer its network to accept traffic at these higher interface levels, it does not allow small FGA customers to purchase VG facilities directly from a LEC and interconnect with AT&T. The problem would disappear if: a) AT&T accepted traffic at lower interface levels (i.e., levels 1 and 2); b) FGA users purchased higher capacity facilities (i.e., DS1 or DS3); or c) LECs provided high capacity facilities but charged FGA users only at the VG level.<sup>5</sup>

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<sup>4</sup>U S WEST's current tariffs allow FGA users to purchase VG direct trunked transport. Any U S WEST customers purchasing VG direct trunked transport who subsequently migrate to AT&T's bundled service would be subject to a conversion -- including any applicable nonrecurring charges.

<sup>5</sup>As discussed below "split billing" is not a solution; it only obscures the real problem.

The last alternative has led to the debate over split billing which basically entails one party ordering a DS1 or DS3 facility and requiring a LEC to adjust the rates for all parties as FGA circuits or customers are added to or removed from the facility. As with any dedicated facility, the party controlling the facility is classified as the customer of record and is ultimately responsible for covering the cost of the facility. Split billing is an unsatisfactory alternative to both AT&T and LECs. For LECs, it results in manual billing of all FGA customers who are using the same facility. It is impossible to mechanize billing procedures in any economical fashion, given the fact that a single change in circuit usage by one FGA customer may require that the bills of all parties using a high capacity facility be recalculated. AT&T finds split billing to be unacceptable because, under most possible applications, AT&T believes it will bear most of the costs and risks with little, if any, offsetting benefits.<sup>6</sup> AT&T finds the resale of LEC facilities as described in Transmittal No. 6788 to be a much more preferable means of allowing small FGA customers to interconnect with AT&T. U S WEST agrees.

Assuming that AT&T has good reason for declining to accept traffic at lower interface levels, the question becomes -- which party is best positioned to purchase/provision and use high capacity facilities in the most efficient manner. Should a FGA user be required to purchase higher capacity facilities to interconnect

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<sup>6</sup>Direct Case of AT&T Corp. filed herein Oct. 28, 1994, at 13-14.

with AT&T when it needs only a VG facility?<sup>7</sup> Clearly, this does not appear to make a lot of sense. As long as FGA users do not insist on purchasing VG facilities directly from LECs, Transmittal No. 6788 offers them a way to avoid this dilemma. It does not seem reasonable to require that either AT&T or LECs design their networks or structure their service offerings in such a way to accommodate that very small minority of FGA users who want to purchase very low capacity services and order these facilities directly from a LEC.<sup>8</sup> It makes neither good business nor good regulatory sense to require either AT&T or LECs to engage in inefficient provisioning and billing practices.

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<sup>7</sup>FGA and FGB users can obtain VG service and deliver their traffic to other interexchange carriers' POPs at lower interface levels (i.e., levels 1 and 2).

<sup>8</sup>U S WEST estimates that four percent of its FGA lines -- approximately 300 AT&T end-user lines -- would be affected by the outcome of this Direct Case (i.e., the question of how to deal with the incompatibility between VG facilities and AT&T's 6/9 interface level). See U S WEST's Ex Parte in CC Docket No. 91-213 re: Billing for Feature Groups A and B End Users dated May 4, 1994, Attachment at 3.

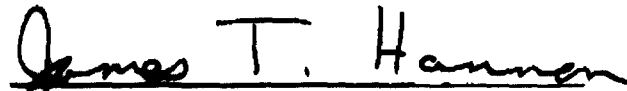
III. CONCLUSION

Transmittal No. 6788 allows AT&T's FGA customers to satisfy their distinct needs in the most efficient manner. U S WEST is unaware of any legal impediments to the resale of LEC local transport services as proposed in Transmittal No. 6788.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

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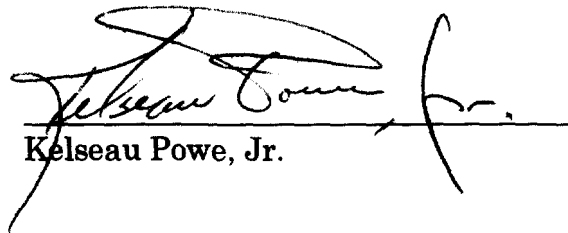
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November 10, 1994

## **CERTIFICATE OF SERVICE**

I, Kelseau Powe, Jr., do hereby certify that on this 10th day of November, 1994, I have caused a copy of the foregoing **COMMENTS ON DIRECT CASE** to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.



Kelseau Powe, Jr.

**\*Via Hand-Delivery**

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